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International Mogul Mines Limited

ANNUAL REPORT

NOTICE OF MEETING

INFORMATION CIRCULAR

December 31, 1976

Directors

M. P. Connell, Toronto, Ontario
President of the Company and
Conwest Exploration Company Limited

D. J. Hains, Toronto, Ontario
President, Lurgi Canada Limited

I. F. T. Kennedy, Toronto, Ontario
Vice-President of the Company
and Conwest Exploration Company Limited

J. C. Lamacraft, Toronto, Ontario
Executive Vice-President of the
Company and Conwest Exploration
Company, Limited

A. C. Mosher, Toronto, Ontario
Company Director

C. K. O'Connor, Toronto, Ontario
Vice-President of the Company and
Vice-President, Exploration
Conwest Exploration Company
Limited

Officers

M. P. Connell, President

J. C. Lamacraft, Executive
Vice-President

I. F. T. Kennedy, Vice-President

C. K. O'Connor, Vice-President

J. A. Patterson, Secretary-Treasurer

J. S. Adams, Assistant Secretary-Treasurer

Auditors

Thorne Riddell & Co., Toronto, Ontario

Counsel

Davies, Ward & Beck, Toronto, Ontario

Transfer Agent and Registrar

Guaranty Trust Company of Canada,
Toronto and Calgary

Bankers

The Toronto-Dominion Bank,
Toronto, Ontario

Listing

The Toronto Stock Exchange

Head Office

85 Richmond Street West
10th Floor
Toronto, Ontario
M5H 2G1

Annual Meeting

June 29, 1977
Ascot Inn
Highway 27 and Rexdale Boulevard
Rexdale, Ontario

Directors' Report to Shareholders

To the Shareholders,
International Mogul Mines Limited.

Your Directors submit the Annual Report for the year ended December 31, 1976. Included are the consolidated financial statements of the Company and the auditors' report thereon. Also enclosed are the notice of annual and general meeting, information circular and form of proxy.

During 1976 the Company continued a policy directed to the reduction of indebtedness and the rationalization of its activities by the sale of certain assets. The proceeds were applied to eliminate long term debt and the demand bank loan, leaving the Company in a strong working capital position.

A brief review of certain of the Company's mineral interests is appended. Your Company will maintain existing programmes and properties where warranted and will continue to initiate new projects as cash flow permits.

As at December 31, 1976 the Company held an 18% interest in Coldstream Mines Limited and further held approximately \$4,500,000 in debentures of Coldstream and its subsidiary, Interscan Limited. The debentures are secured by a floating charge on all the assets of Coldstream and Interscan, subject to prior security in favour of Coldstream's bankers.

As at June 4, 1976, the date of your Company's last Annual Report, Coldstream and its subsidiaries had forecast a substantial positive cash flow for the balance of 1976. Based upon review and analysis of that forecast, which was consistent with the historical pattern of sales and revenues of the Coldstream group, and discussions with Coldstream's management and bankers, your Company agreed at that time to a deferral of interest payments until October 31, 1976.

The budget of the Coldstream group was on target for the period ended September 30, 1976; however, revised forecasts presented in late September indicated that the previously predicted level of sales and revenue for the last quarter of 1976 would not materialize. Following further discussions with Coldstream's management and bankers, it was concluded by the Company that Coldstream would be unable to meet its interest commitment on October 31, 1976. Various alternatives were considered and explored, including a possible reorganization or compromise of the Coldstream and Interscan obligations to the Company.

Coldstream and Interscan failed to pay the interest due on October 31, 1976; notice of default under the debentures was given to Coldstream and Interscan on November 2, 1976. Pursuant to agreements dated November 9 and 18, 1976, and pending a possible resolution of Coldstream's difficulties, your Company agreed to accept, at fair market value, certain mining properties of Coldstream in partial satisfaction of the interest due October 31, 1976. The fair market value of the mining properties was subsequently determined, by an independent consultant selected by both companies for that purpose, to be \$265,000.

In November and December of 1976 receivers of certain Coldstream subsidiaries were appointed by The Toronto-Dominion Bank pursuant to the Bank's security, and the Company appointed receivers of Coldstream and Interscan pursuant to the terms of the debentures. These receivers were appointed in order to provide for an orderly realization of the assets of the Coldstream group.

As at the date of this report, your management cannot estimate what recoveries, if any, will be forthcoming, whether on realization of security pursuant to the debentures, or otherwise. Provision in full for loss on the investment in shares of Coldstream and the Coldstream and Interscan debentures has been made in the 1976 financial statements.

As was indicated at the last annual meeting of the Company, International Mogul has substantial potential deductions available to shield income that would otherwise be subject to income taxes. These available deductions represent current and prior years' exploration and development expenditures, current and prior years' operating losses and unclaimed capital cost allowances. The total amounts deductible by the Company are estimated to be in excess of \$15,000,000.

Your management has been actively seeking a suitable direct investment in the Canadian mineral resource sector which would provide immediate cash flows and allow utilization of the tax deductions currently available to the Company. Your Board is of the opinion that the best opportunity for this type of investment currently lies in the Canadian oil and gas sector. In the last eight months, a large number of potential acquisitions have been screened and five of these have been subjected to a detailed evaluation by independent consultants on behalf of the Company. To date none of the investment opportunities reviewed has satisfied the criteria established by your Board for an acceptable balance between risk and return. The identification of a suitable acquisition remains the top priority of your management.

The last several years have been disappointing ones for the Company and its Shareholders. Your present Board and management believe that the Company's strong working capital position and favourable fiscal status provide a sound base for capitalizing on opportunities for participation in Canadian resource exploration and development and for re-establishing a pattern of growth in assets and earnings.

On behalf of the Board,

MARTIN P. CONNELL,
President.

Toronto, Ontario,
May 19, 1977.

Exploration

The principal mineral interests of the Company in Canada, the United States and Europe are reviewed as follows:

Canada

(1) Two concessions in the Central Mobile Belt of Newfoundland were held under option from Newfoundland and Labrador Corporation and Reid Newfoundland Company Limited. During 1976 six diamond drill holes were completed by a joint venture between the Company and Bethlehem Copper Corporation to test remaining geophysical targets on the Gander-Ragged Harbour concession. Results were not encouraging. Following a re-evaluation of all results on both concessions, these interests were abandoned at year end.

(2) The Lake Ainslie barite-fluorite property on Cape Breton Island was maintained in good standing. Efforts are continuing to attract others to participate in the development of this property.

(3) The Company owns the former producing Lorado and Dyno uranium mines. The remaining reserves at these properties have not been rendered economic by the recent dramatic increase in the uranium price; however, each property has a certain exploration potential and consideration is being given to optioning these properties.

(4) The mining exploration permit of Duncan Range Iron Mines Limited, in which the Company holds a 37% interest, was maintained in good standing.

(5) The Company holds an 82.5% interest in a nickel prospect in Langmuir Township, near Timmins, Ontario, on which a deposit containing 746,000 tons of approximately 1% nickel has been outlined. The property is located within two miles of the Noranda/International Nickel joint venture operation which is equipped with a 700 tons per day milling plant. The economic viability of this deposit will, in part, be contingent upon the Company reaching a mutually satisfactory arrangement with the Noranda/International Nickel joint venture with respect to development and treatment of the Company's ore in the existing plant.

(6) The Company holds a 37.8% interest in Delhi Pacific Mines Limited, which has a 2.0% gross royalty interest in a uranium property in the Blind River area of Ontario optioned to Canuc Mines Limited. Delhi Pacific also owns 20 claims near Revelstoke, British Columbia. These claims are adjacent to the Goldstream River property of Noranda Mines Limited. During 1976, Noranda carried out a limited underground development programme to investigate the feasibility of mining a significant new copper-zinc discovery on their claims. The results of that study have not been announced. Exploration during 1976 on the Delhi Pacific claims consisted of gridding, soil sampling, magnetometer and VLF electromagnetic surveys and geological mapping. No significant anomalies have been located, however the work to date has not covered the entire claim block. Geological mapping suggests, but has not yet confirmed, that the host rocks on the Noranda claims cross the Delhi claims. Geophysical surveys will be completed over the remainder of the block in 1977. An effort will also be made to establish with greater certainty the location of the mineralized horizon with respect to the Delhi Pacific claims.

(7) The Company holds a 7.1% interest in New Quebec Raglan Mines Limited. Falconbridge Mines Limited beneficially owns approximately 68.3% of Raglan. No work was carried out in 1976 on Raglan's property which comprises over 300 square miles in the Cape Smith-Wakeham Bay nickel/copper belt of the Ungava Region of Quebec. Current quoted market value of the Company's interest in Raglan is approximately \$900,000.

United States

(1) The Company has a 20% interest in the Cordex I Syndicate which owns the Pinson and Preble gold deposits in the State of Nevada. A feasibility study completed in 1975 indicated that development of the property is not justified at a gold price of less than \$150 per ounce. During 1976 drilling indicated a gold-bearing structure parallel to the Pinson deposit and further drilling is planned for 1977.

(2) The Company holds a 34.4% interest in Israel Continental Oil Company Limited. The latter company has a 65% interest in a copper property in the State of Washington known as the Lone Star. The Lone Star contains approximately 600,000 tons averaging 1% copper and a considerable additional tonnage of lower grade. The Lone Star Unit, an amalgamation of the property owners, has recently concluded an agreement with Granby Mining Corporation which provides that Granby will mine the ore and treat it at their Phoenix, British Columbia facilities, and pay to the Lone Star Unit holders a scaled royalty based on the price of copper. Whether any significant revenue will accrue to the Lone Star Unit is contingent upon a considerable increase in the price of copper from current levels.

Europe

(1) In 1976, an option agreement was concluded with Cominco Limited to explore and develop the Italian properties of Intermogul Mines Limited, a wholly-owned subsidiary. Intermogul will retain a non-assessable interest if the option is exercised. During 1976, Cominco spent in excess of \$500,000 on exploration of these properties. Results were considered sufficiently encouraging for Cominco to keep the option in good standing.

(2) The Company holds a 27.3% interest in Intermine Limited. Intermine Limited controls the Parys Mountain Mine and Llysdulas Minerals Estate properties on the Island of Anglesey, North Wales and property interests in Spain. The Anglesey properties are under option to Cominco Limited and the Spanish base metal properties are under option to Long Lac Mineral Explorations Limited.

The Company evaluated numerous other mineral prospects throughout 1976. These efforts are continuing and it is expected that new property interests or projects will be acquired or undertaken in the near future.

Consolidated Balance Sheet

December 31, 1976

Assets	1976	1975
CURRENT ASSETS		
Cash	\$ 79,000	\$ 478,000
Short term bank deposits and commercial paper	9,913,000	3,966,000
Accounts receivable	237,000	1,361,000
Concentrates on hand and in process of settlement, at net realizable value		2,337,000
Inventories, at lower of cost, replacement cost and net realizable value		1,377,000
Prepaid expenses and deposits	2,000	305,000
	10,231,000	9,824,000
INTEREST IN COLDSTREAM MINES LIMITED (note 2)		4,742,000
INVESTMENTS (note 3)	4,102,000	6,314,000
FIXED ASSETS (note 4)	11,000	10,240,000
MINING INTERESTS AND DEFERRED EXPLORATION	4,453,000	5,703,000
DEFERRED PREPRODUCTION EXPENDITURES and other charges, amortized value	30,000	4,077,000
	\$ 18,827,000	\$ 40,900,000

Liabilities	1976	1975
CURRENT LIABILITIES		
Bank loans		\$ 5,200,000
Dividends payable	\$ 88,000	88,000
Accounts payable and accrued liabilities	351,000	2,022,000
Income taxes payable		4,712,000
Current portion of long term debt		640,000
	439,000	12,662,000
DEFERRED INCOME TAXES		2,338,000
INTEREST OF MINORITY SHAREHOLDERS (note 5)	35,000	4,316,000
Shareholders' Equity		
CAPITAL STOCK (notes 6 and 7)	16,898,000	16,898,000
CONTRIBUTED SURPLUS	2,078,000	2,078,000
RETAINED EARNINGS	225,000	3,430,000
	19,201,000	22,406,000
COST OF COMMON SHARES ACQUIRED (note 6)	848,000	822,000
	18,353,000	21,584,000
	\$ 18,827,000	\$ 40,900,000

Approved by the Board

M. P. CONNELL, Director

J. C. LAMACRAFT, Director

Consolidated Statement of Changes in Financial Position

Year ended December 31, 1976

	1976	1975
WORKING CAPITAL DERIVED FROM		
Operations		\$ 4,021,000
Fixed asset disposals	\$ 27,000	6,178,000
Proceeds on sale of Irish and Australian operations net of working capital disposed of \$1,386,000	10,096,000	
Disposal of interests in gas production (net)		1,571,000
Disposal of property interests	59,000	888,000
Interest in Coldstream Mines Limited	254,000	
Disposal of investments and reduction in advances	6,360,000	
	16,796,000	12,658,000
WORKING CAPITAL APPLIED TO		
Operations	178,000	
Additions to fixed assets		748,000
Investment in shares and advances	3,108,000	1,235,000
Interest in Coldstream Mines Limited		773,000
Dividends of Mogul of Ireland Limited paid to a minority shareholder		1,267,000
Mining interests and deferred exploration	504,000	1,738,000
Reduction of long term debt		5,380,000
Reduction in non-current income taxes		2,308,000
Preference share dividends	350,000	350,000
Other	26,000	4,000
	4,166,000	13,803,000
Increase (decrease) in working capital position	12,630,000	(1,145,000)
Working capital deficiency at beginning of year	2,838,000	1,693,000
WORKING CAPITAL (DEFICIENCY) AT END OF YEAR	\$ 9,792,000	\$ (2,838,000)

Auditors' Report

To the Shareholders of
INTERNATIONAL MOGUL MINES LIMITED

We have examined the consolidated balance sheet of International Mogul Mines Limited as at December 31, 1976 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1976 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
May 9, 1977

Thomas Kiddell & Co.

Chartered Accountants

Consolidated Statement of Income

Year ended December 31, 1976

	1976	1975
REVENUE		
Interest and dividends	\$ 560,000	\$ 129,000
Royalty income	20,000	58,000
Gain (loss) on investments and fixed assets	(120,000)	134,000
	<u>460,000</u>	<u>321,000</u>
EXPENSES		
General exploration, together with the cost of current and prior years' direct exploration and development expenditures on mining properties which were abandoned during the year	1,114,000	572,000
Administrative and general	594,000	1,036,000
Depreciation	4,000	131,000
Interest on long term debt		321,000
Interest on bank and other borrowings	105,000	742,000
Loss on foreign exchange	4,000	215,000
	<u>1,821,000</u>	<u>3,017,000</u>
LOSS BEFORE UNDERNOTED	1,361,000	2,696,000
Interests of minority shareholders in income (loss)	(94,000)	6,000
	<u>1,267,000</u>	<u>2,702,000</u>
Income from discontinued operations (note 8)		1,938,000
LOSS BEFORE EXTRAORDINARY ITEMS	<u>1,267,000</u>	<u>764,000</u>
Extraordinary items (note 9)	1,588,000	552,000
LOSS FOR THE YEAR	<u>\$ 2,855,000</u>	<u>\$ 1,316,000</u>
PER COMMON SHARE (after preference share dividends)		
Loss before extraordinary items	\$0.66	\$0.45
Loss for the year	\$1.30	\$0.67

Consolidated Statement of Retained Earnings

Year ended December 31, 1976

	1976	1975
RETAINED EARNINGS AT BEGINNING OF YEAR	\$ 3,430,000	\$ 5,096,000
Loss for the year	<u>2,855,000</u>	<u>1,316,000</u>
	575,000	3,780,000
Preference share dividends	350,000	350,000
RETAINED EARNINGS AT END OF YEAR	<u>\$ 225,000</u>	<u>\$ 3,430,000</u>

Notes to Consolidated Financial Statements

Year ended December 31, 1976

1. Summary of Significant Accounting Policies

In 1976 the Corporation sold or otherwise liquidated certain of its operations other than those related to the exploration and development of mining properties and certain investment activities. The resultant gains and losses arising on the realization of the December 31, 1975 book value of these assets have been reflected in the consolidated statement of income as extraordinary items (see note 9). The 1975 consolidated statement of income, included for comparative purposes, has been reclassified to disclose the results of these operations as income from discontinued operations (see note 8).

Certain other comparative figures in the accompanying financial statements have been reclassified to conform with presentation adopted in 1976. While there has been no change in the loss previously reported, the working capital deficiency for 1975 previously shown as \$1,948,000, has been increased to \$2,838,000 as a result of reclassifying marketable securities with investments.

(a) Basis of Consolidation

The consolidated statements include the accounts of the Corporation's remaining subsidiaries, the principal ones being:

	Mogul equity
Canadian Vendbar Industries Limited	100%
I. M. M. Ventures Limited	100%

(b) Investments

Investments in shares are valued at cost or less depending upon the underlying value of the investment, its quoted market value and Corporation investment policies. Because of the number of shares held in certain companies, the quoted market values are not necessarily indicative of the value of the investments, which may be more or less than indicated by market quotations.

(c) Fixed Assets

Furniture and equipment are carried at cost. Other fixed assets are carried at nominal value.

Depreciation is provided on furniture and equipment on the straight line basis over their estimated useful life at the rate of 20% per annum.

(d) Mining Interests and Deferred Exploration

The Corporation holds various non-producing interests in mining in various areas of the world. These interests are carried at acquisition cost together with the cost of direct exploration and development work thereon. It is the Corporation's practice to defer the costs of these interests and carry them as an asset to be amortized against future production. If the Corporation determines that it has no further interest in the property, project or lease, the related costs are written off to income.

(e) Loss per Common Share

Loss per common share is calculated using the weighted average number of common shares outstanding during the year net of common shares purchased and held by the Corporation. Dividend requirements of first preference shares are deducted for purposes of these calculations.

2. Interest in Coldstream Mines Limited

The Corporation and its wholly owned subsidiary, Canadian Vendbar Industries Limited, own 490,649 common shares of Coldstream Mines Limited. On December 15, 1976 the Ontario Securities Commission issued a permanent cease-trading order with respect to securities issued by Coldstream. The Corporation and Vendbar also hold debentures of Coldstream and Interscan Limited, a subsidiary of Coldstream, in the aggregate amount of \$4,443,000 and the Corporation has open accounts receivable from Coldstream. On November 2, 1976 Coldstream and Interscan defaulted on payment of the debentures and outstanding accrued interest to October 31, 1976. On December 17, 1976 the Corporation and Vendbar appointed a Receiver and Manager for Coldstream and Interscan, pursuant to the terms of the debentures. Proceeds from realization on the majority of the assets of Coldstream and Interscan are subject to prior security under the terms of the bank indebtedness of these companies. As of May 9, 1977, it is not possible to determine what recovery, if any, will accrue to the Corporation and Vendbar on the realization of the assets of Coldstream and Interscan. As a result, full provision for loss on the shares, debentures, accrued interest and accounts receivable have been included in these financial statements as an extraordinary item (see note 9).

3. Investments

	1976	1975
Shares with quoted market value (quoted market value \$4,318,000; 1975, \$4,920,000)	\$ 3,539,000	\$ 4,110,000
Shares without quoted market value and advances which includes indebtedness of \$145,000 (1975, \$132,000) from effectively controlled corporations which are shareholders of the Corporation	563,000	2,204,000
	<u>\$ 4,102,000</u>	<u>\$ 6,314,000</u>

4. Fixed Assets

	1976	1975
In North America, at cost or less		
Land, buildings, furniture and equipment	\$ 100,000	\$ 164,000
In Australia, at cost		
Land, buildings, plant and equipment ..		3,212,000
In Ireland, at cost		
Mineral leases and rights		1,806,000
Land, buildings, plant and equipment ..		12,548,000
	<u>100,000</u>	<u>17,730,000</u>
Less accumulated depreciation (and depletion in 1975)	89,000	7,490,000
	<u>\$ 11,000</u>	<u>\$10,240,000</u>

5. Interests of Minority Shareholders

Interests of minority shareholders are attributable as follows:

	1976	1975
Mogul of Ireland Limited		\$2,265,000
Pine Vale Group		1,920,000
Other subsidiaries	\$35,000	131,000
	<u>\$35,000</u>	<u>\$4,316,000</u>

6. Capital Stock

Authorized		
991,400 First preference shares, par value \$20 each		
4,000,125 Common shares, without par value		
	No. of Shares	Par Value and Consideration
Issued (no change during year)		
6% Cumulative redeemable convertible first preference shares, Series A	291,400	\$ 5,828,000
Common shares	<u>2,608,097</u>	<u>11,070,000</u>
		<u>\$16,898,000</u>

The Corporation is holding 141,200 of its issued common shares, which shares have not been cancelled, at a cost of \$848,000 (including \$26,000 of tax levied on the premium, as defined in the Income Tax Act, paid on the purchase of those shares).

The Series A shares are convertible into common shares of the Corporation as follows:

- up to April 1, 1978 — 1¼ common shares for each Series A share
- thereafter to April 1, 1983 — 1 1/9 common shares for each Series A share.

The Corporation is required, in each of the twelve month periods from April 1, 1974 to 1977 inclusive, to make all reasonable efforts to purchase for cancellation in the open market that number of shares which may be purchased out of the lesser of \$120,000 or 10% of the consolidated net earnings available for dividends for the immediately preceding fiscal year after deducting dividends paid in that year on the Series A shares, and in

each twelve month period thereafter that number which may be purchased out of the lesser of \$300,000 or 10% of the consolidated net earnings after Series A dividends. For the period ending April 1, 1978, the Corporation will not be required to purchase any Series A shares.

7. Employee Stock Options

The following employee common stock options were outstanding at December 31, 1976:

Year of Grant	Option Price Per Common Share	Number of Common Shares	Expiry Date
1973	\$12.50	2,000	January 31, 1977 (since expired)
1973	\$12.50	4,000	March 31, 1977 (since expired)
1973	\$12.50	1,000	July 31, 1977
1973	\$12.50	4,800	February 12, 1978
		<u>11,800</u>	

During the year options on 57,550 common shares expired as a result of termination of employment.

All options granted under the employee incentive option plan were at a price of not less than 90% of the market value of the common shares at the date of grant. The options are exercisable on a cumulative basis as to 20% of the shares in any one year.

8. Income From Discontinued Operations

The major proportion of the results of operations included in the consolidated statement of income for the year ended December 31, 1975 relate to the operations of Mogul of Ireland Limited, the operations of the Australian interests and income from other significant investments which were disposed of or provided for in 1976. The 1975 figures have been reclassified to disclose the results of these operations separately. Details of the items disclosed as income from discontinued operations are as follows:

Revenue		\$26,443,000
Expenses		
Depreciation, depletion and amortization	\$ 2,203,000	
Interest on long term debt	214,000	
Other interest	472,000	
Other expenses including cost of sales and administration	18,176,000	21,065,000
Income before undernoted items		5,378,000
Income taxes		2,804,000
Income before interests of minority shareholders		2,574,000
Interests of minority shareholders		636,000
Income from discontinued operations		<u>\$ 1,938,000</u>

9. Extraordinary Items

	1976	1975
Gain on disposal of interest in Mogul of Ireland Limited	\$ 2,028,000	
Gain on disposal of interest in North Canadian Oils Limited	2,257,000	
Loss on disposal of Australian interests ...	(1,302,000)	
Provision for loss on realization of interest in Coldstream Mines Limited	(4,488,000)	
Gain on interest in Bluemont Resources Limited	127,000	
Provision for loss on realization of interest in Firedrake Corporation	(210,000)	
Loss on gas and related interests		\$ (552,000)
	<u>\$ (1,588,000)</u>	<u>\$ (552,000)</u>

10. Anti-Inflation Act

The Corporation is subject as a public corporation to shareholder dividend restrictions under the Anti-Inflation Act (presently scheduled to be in force to December 31, 1978).

On, or about, May 1, 1977 the Corporation may have become subject to the mandatory compliance provisions which control profit margins and employee compensation. While the full effect of the guidelines has yet to be determined, management is of the opinion that control under the programme would not have a material effect on Corporation operations.

11. Other Information

Direct remuneration of the Corporation's directors and senior officers from the Corporation and its subsidiaries was \$365,000 (\$545,000 in 1975).

INTERNATIONAL MOGUL MINES LIMITED

Notice of Annual and General Meeting of Shareholders

NOTICE IS HEREBY GIVEN that the annual and a general meeting of shareholders of INTERNATIONAL MOGUL MINES LIMITED (the "Corporation") will be held at the Ascot Inn, Highway 27 and Rexdale Boulevard, Rexdale, Ontario, on Wednesday, the 29th day of June, 1977, at the hour of 11:00 o'clock in the forenoon (Toronto time) for the following purposes:

1. To receive and consider the consolidated financial statements of the Corporation and its subsidiaries for the year ended December 31, 1976, together with the report of the auditors thereon;
2. To consider and, if approved, to confirm (subject to such amendments and/or additions and/or changes, if any, as may be approved at the meeting) By-law No. 10, being a by-law repealing and replacing paragraph 54 of By-law No. 1 of the by-laws of the Corporation, relating, among other things, to the execution of contracts to permit officers as well as directors to execute contracts on behalf of the Corporation;
3. To consider and, if approved, to confirm (subject to such amendments and/or additions and/or changes, if any, as may be approved at the meeting) Special By-law H, being a by-law decreasing the number of directors of the Corporation from 7 to 5 and reducing the quorum for the transaction of business from 3 to 2;
4. To elect directors;
5. To appoint auditors and to authorize the directors to fix their remuneration; and
6. To transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

DATED the 30th day of May, 1977.

By Order of the Board,

J. A. PATTERSON,
Secretary-Treasurer.

- NOTES: 1. Shareholders who are unable to be present personally at the meeting are requested to sign and return, in the envelope provided for that purpose, the accompanying form of proxy for use at the meeting.
2. Copies of By-law No. 10 and Special By-law H may be inspected at the head office of the Corporation, 10th Floor, 85 Richmond Street West, Toronto, Ontario or at the office of the Corporation's transfer agent, Guaranty Trust Company of Canada, 366 Bay Street, Toronto, Ontario during ordinary business hours at any time before the meeting and will be available for inspection at the meeting.

INTERNATIONAL MOGUL MINES LIMITED

Information Circular

Management Solicitation

This information circular is furnished in connection with the solicitation of proxies by the Management of INTERNATIONAL MOGUL MINES LIMITED (the "Corporation") for use at the annual and a general meeting of the shareholders of the Corporation to be held on Wednesday, June 29, 1977 at 11:00 o'clock in the forenoon (Toronto time) at the Ascot Inn, Highway 27 and Rexdale Boulevard, Rexdale, Ontario, for the purposes set out in the foregoing notice of meeting. The cost of solicitation will be borne by the Corporation.

The form of proxy forwarded to shareholders with the notice of meeting confers discretionary authority upon the proxy nominees with respect to amendments or variations of matters identified in the notice of meeting or other matters which may properly come before the meeting.

The form of proxy affords the shareholder an opportunity to specify that the shares registered in his name shall be voted in favour of or against (i) the confirmation of By-law No. 10, being a by-law repealing and replacing paragraph 54 of By-law No. 1 of the by-laws of the Corporation relating, among other things, to the execution of contracts and (ii) the confirmation of Special By-law H, being a by-law providing for a decrease in the number of directors of the Corporation from 7 to 5 and a reduction of the quorum for the transaction of business from 3 to 2.

The shares represented by proxies in favour of Management nominees will be voted at the meeting and, subject to the provisions of section 121 of The Business Corporations Act (Ontario), if a choice is specified in the above-mentioned manner in the form of proxy with respect to the confirmation of the matters referred to above, the shares represented by such proxies will be voted by such nominees in accordance with the specifications so made.

In respect of proxies in which the shareholders have not specified that the proxy nominees are required to vote for or against the confirmation of the matters identified in the form of proxy, the shares represented by proxies in favour of Management nominees will be voted in favour of the confirmation of such matters.

Management knows of no matters to come before the meeting other than the matters referred to in the foregoing notice of meeting. However, if any other matters which are not now known to Management should properly come before the meeting the shares represented by the proxies in favour of Management nominees will be voted on such matters in accordance with the best judgment of the proxy nominee.

Proxies given by shareholders for use at the meeting may be revoked at any time prior to their use. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman of such meeting on the date of the meeting or adjournment thereof, and upon either of such deposits the proxy is revoked.

Voting Shares and Principal Holders Thereof

The authorized capital of the Corporation is divided into 991,400 First Preference Shares with a par value of \$20 each, issuable in series, of which 291,400 are designated as 6% Cumulative Redeemable Convertible First Preference Shares Series A, constituting the first series of First Preference Shares, and 4,000,125 Common Shares without par value. 291,400 First Preference Shares Series A and 2,608,097 Common Shares are issued and outstanding as fully paid and non-assessable. The Corporation has purchased, and is the holder of, 141,200 Common Shares of the Corporation. Under the provisions of The Business Corporations Act (Ontario) the Corporation is not entitled to vote these Common Shares. Holders of the remaining 2,466,897 outstanding Common Shares (the "equity shares") of record at the close of business on June 27, 1977 will be entitled to one vote per share at the meeting.

To the knowledge of the directors and senior officers of the Corporation, the only person who beneficially owns, directly or indirectly, equity shares of the Corporation carrying more than 10% of the voting rights attached to all equity shares of the Corporation is Conwest Exploration Company Limited ("Conwest") which beneficially owns 1,211,321 Common Shares, being 49.1% of the outstanding equity shares of the Corporation.

Confirmation of By-Law No. 10

This meeting has been called as a general meeting of shareholders for the purpose, among others, of confirming By-law No. 10, being a by-law repealing and replacing paragraph 54 of By-law No. 1 of the by-laws of the Corporation

relating, among other things, to the execution of contracts. The effect of By-law No. 10 is to permit contracts and other documents to be executed by any 2 directors or officers rather than merely by any 2 directors. By-law No. 10 must be confirmed by a majority of the votes cast at the meeting.

Special By-Law H

This meeting has also been called as a general meeting for the purpose, among others, of confirming Special By-law H, being a by-law decreasing the number of directors of the Corporation from 7 to 5 and reducing the quorum for the transaction of business from 3 to 2. Management considers 7 to be an unnecessarily large number of directors for the Corporation at this time. Special By-law H must be confirmed by at least two-thirds of the votes cast at the meeting.

Election of Directors

Each of the persons whose name appears hereunder is proposed to be elected as a director of the Corporation to serve until the next annual meeting of shareholders or until his successor is elected or appointed. It is intended that the shares represented by proxies in favour of Management nominees will be voted in favour of the election of such persons as directors of the Corporation. In the event that any vacancies occur in the slate of such nominees, it is intended that discretionary authority shall be exercised to vote such proxies for the election of any other person or persons nominated by Management as directors.

<u>Name and Office Held</u>	<u>Principal Occupation</u>	<u>Year First Elected as a Director</u>	<u>Common Shares of the Corporation Beneficially Owned Directly or Indirectly as at May 19, 1977</u>
Martin P. Connell, President and Chief Executive Officer and Director	President, Conwest Exploration Company Limited (a mining exploration company).	1975	1
John C. Lamacraft, Executive Vice-President and Director	Executive Vice-President, Conwest Exploration Company Limited.	1975	13,301
Ian F. T. Kennedy ⁽¹⁾ , Vice-President and Director	Vice-President, Conwest Exploration Company Limited.	1975	1
Alexander C. Mosher, Director	Director, Chimo Gold Mines Limited (a mining exploration company).	1976	1
Donald J. Hains, Director	President, Lurgi Canada Limited (an engineering company).	1976	1

NOTE: (1) Conwest is an associate of Mr. I. F. T. Kennedy. Reference is made to "Voting Shares and Principal Holders Thereof" above for particulars of the shareholdings of Conwest in the Corporation.

Remuneration of Management and Others

During the financial year ended December 31, 1976, the aggregate direct remuneration paid by the Corporation and its subsidiaries to the directors and senior officers of the Corporation was \$365,000.

An officer of the Corporation is indebted to the Corporation in the amount of \$20,000. This indebtedness is non-interest bearing and is repayable \$1,000 per annum with the balance payable November 1, 1982.

Appointment of Auditors

Management proposes to nominate Thorne Riddell & Co., the present auditors, as auditors of the Corporation to hold office until the close of the next annual meeting of shareholders. It is intended that the shares represented by proxies in favour of Management nominees will be voted in favour of the appointment of Thorne Riddell & Co. as auditors of the Corporation and the authorization of the directors of the Corporation to fix their remuneration.

DATED May 19, 1977.

